# FY 2006 Appropriations-Federal Trade Commission

*BACKGROUND*

The Federal Trade Commission (FTC) is provided annual funding from the U.S. Congress. The House and Senate Appropriation Committees provide this funding through their Commerce, Justice, State, the Judiciary and Related Agencies subcommittees.

Since the enactment of the Federal Deposit Insurance Corporation Improvements Act of 1991 (FDICIA), the FTC has been authorized to conduct a rulemaking and enforce certain disclosure and other activities of non-federally insured credit unions. Until Fiscal Year 2004 the FTC has been precluded from proceeding with these responsibilities by language included in their annual appropriations legislation.

*LEGISLATIVE STATUS*

U.S. House of Representatives

The subcommittee approved FY 2006 funding levels for its programs on May 24, 2005 and the full House Appropriations Committee approved the measure on June 7, 2005.

The Committee approved bill was introduced on June 10, 2005 as H.R. 2862 by Rep. Frank Wolf, Chairman of the House Appropriations Subcommittee on Science, State, Justice and Commerce and Related Agencies. The Committee Report was filed on June 10, 2005, as House Report 109-118.

H.R. 2862 passed the House of Representatives on June 16, 2005 by a vote of 418-7.

Title V of the bill states:

"…*Provided further*, That none of the funds made available to the Federal Trade Commission may be used to enforce subsection (e) of section 43 of the Federal Deposit Insurance Act (12 U.S.C. 1831t) or section 151(b)(2) of the Federal Deposit Insurance Corporation Improvement Act of 1991 (12 U.S.C. 1831t note)."

Explanation:

This FY 2006 appropriations language will deny the FTC the authority to expend funds related to the "nondisclosure" requirements[1] that §151 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) places on non-federally insured

[1] Nondisclosure requirements are those unrelated to disclosure, specifically institution audits and business plans and certification of non-federally insured depository institutions as eligible for federal insurance. The FTC believes it does not have the expertise to enforce these nondisclosure requirements.

depository institutions, including privately insured credit unions. The language will, however, continue to authorize the FTC to expend funds on rulemaking and enforcement for the disclosure requirements §151 places on privately insured credit unions. Required disclosures include that the institution is not federally insured and that if the institution fails "the Federal Government does not guarantee that depositors will get back their money."

FDICIA places numerous requirements on non-federally insured depository institutions, including privately insured credit unions, and directs the FTC to make rules and enforce certain of these requirements, including the manner and content of disclosures by non-federally depository institutions to their depositors (members) regarding the lack of federal account insurance and its consequences and, further, requiring that institutions must make disclosures in various media and attempt to obtain a signed acknowledgment of the disclosure.

The FTC has commenced with a rule making process and a proposed rule. Comments on the proposed rule are due by June 15, 2005.

U.S. Senate

The subcommittee approved FY 2006 funding levels for its programs on June 21, 2005 and the full Senate Appropriations Committee approved the measure on June 23, 2005.

The Committee approved bill will be introduced on the Senate floor by Senator Richard Shelby, Chairman of the Senate Appropriations Subcommittee on Commerce, Justice and Science. The Committee Report was filed on June 23, 2005, as Senate Report 109-88.

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